



2002 Status Report

On the Iowa Unemployment Compensation Trust Fund

This 2002 Status Report of the Iowa Unemployment Compensation Trust Fund
is a publication of Iowa Workforce Development.

For more information about this publication, contact
Iowa Workforce Development
Workforce Research Bureau
1000 E. Grand Avenue
Des Moines, Iowa 50319
(515) 281-8180
website: <http://www.iowaworkforce.org>
e-mail: uistats@iwd.state.ia.us

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Executive Summary

Pursuant to Iowa Code, Chapter 96.35, Iowa Workforce Development hereby submits an annual status report on the unemployment compensation trust fund to the general assembly.

Unemployment Insurance Benefits Payout: Benefits paid to workers rose from \$215 million in 2000 to \$313 million in 2001 and \$363 in 2002 million. A slower national economy caused the number of weeks compensated and the benefit payout to increase for the second consecutive year. Some other facts:

- The number of first payments during a benefit year rose from 84,455 in 2000 to 113,983 in 2001 and 111,411 in 2002, the highest first payments since 1983.
- Average duration of benefits increased from 11.6 weeks in 2001 to 13.4 weeks in 2002. Jobs have become harder to find and layoff duration has increased.

UI Trust Fund Revenue: Fund revenue comes from UI taxes paid by employers and interest earned on the fund balance. Total revenue grew from \$262 million in 2001 to \$270 million in 2002. Benefits paid to claimants continue to surpass contributions received from employers. Here are some highlights:

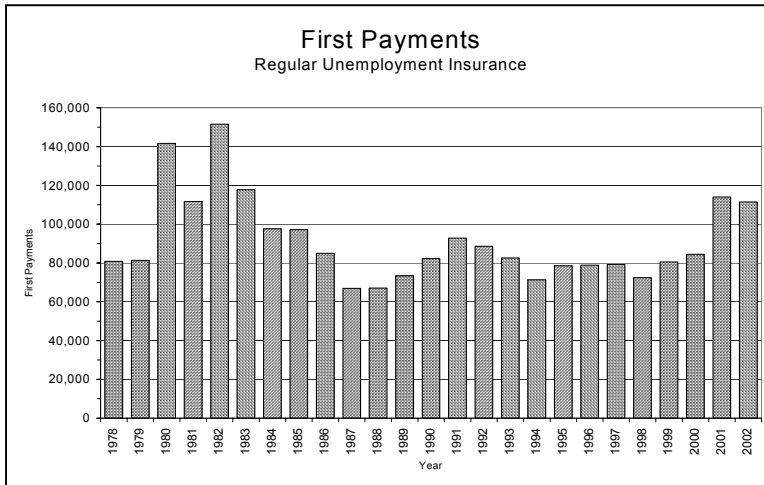
- The average tax rate was slightly below 1.0% for 1995 through 1999, the lowest average tax rates in over 20 years.
- The average tax rate increased to about 1.2% in 2000 through 2002. This is still well below the average tax rate during the 1980's, which reached 3.4% in 1984.
- 59% of Iowa's private experienced rated employers paid no UI taxes in 2002.
- The federal government paid \$49 million in interest on the fund balance in 2002.

UI Trust Fund: The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI tax system automatically adjusts employer tax rates based on the strength of the UI trust fund and UI benefit experience.

The year-end UI trust fund balance fell from \$810 million in 2000 to \$760 million in 2001. The fund balance continued to decline to \$665 million in 2002. When the fund balance is adjusted for wage growth, the strength of the fund has declined in seven of the last eight years.

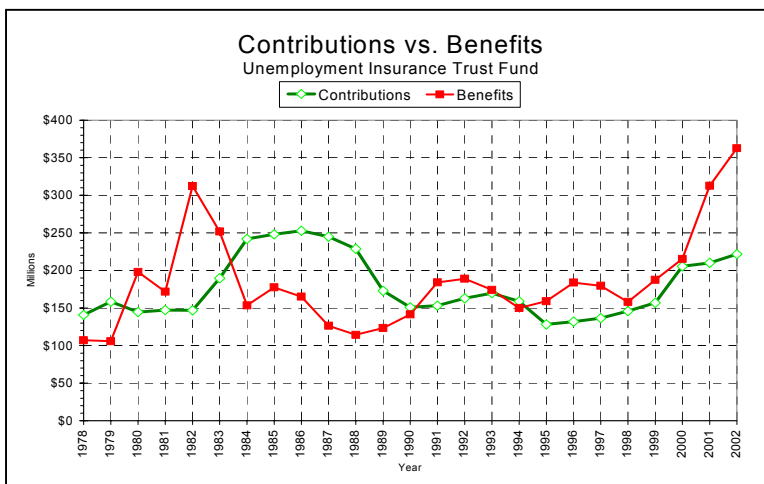
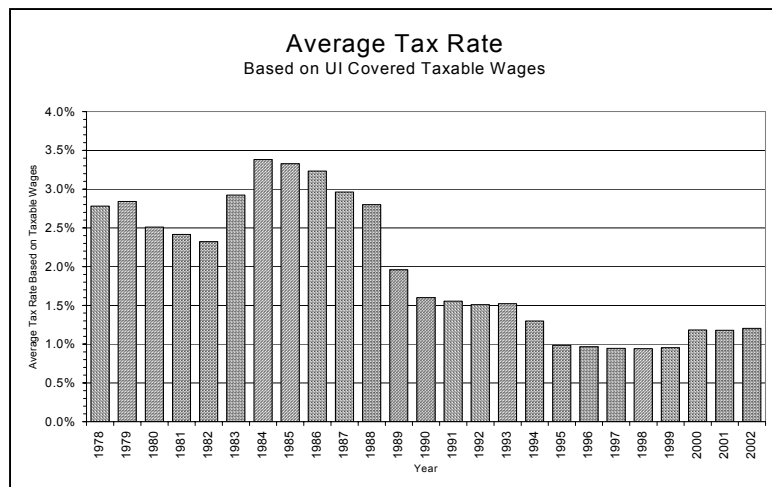
Conclusions: The Business Cycle Dating Committee determined that economic expansion ended in March 2001 and a recession began. The national economic slowdown has caused UI benefits to rise in Iowa. Benefits have exceeded employer contributions by over \$100 million in 2001 and over \$140 million in 2002. The fund is projected to remain solvent under all three sets of economic assumptions, but higher tax rate tables may be needed to rebuild the fund and to ensure future fund solvency in case of a more severe recession.

UI Trust Fund History at a Glance



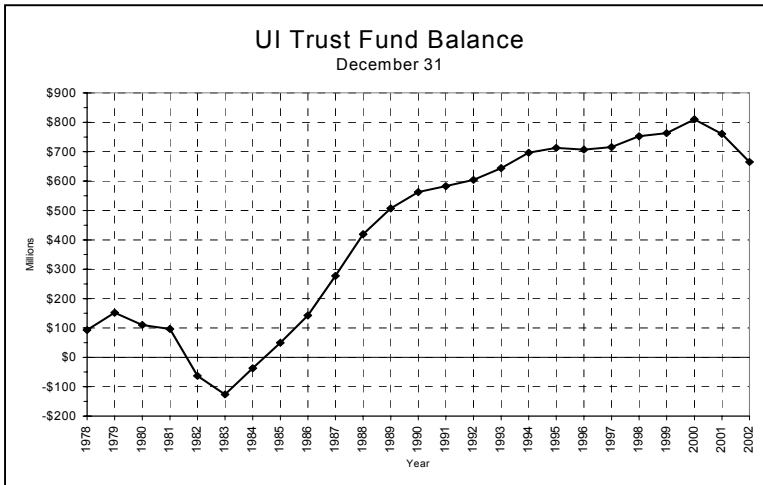
A slower national economy caused the number of first payment to rise to 113,983 in 2001 and 111,411 in 2002. This represents the highest first payment totals since 1983.

The average tax rate was 1.2% in 2000 through 2002. This followed five years of average tax rates below 1.0%. Current rates are still well below the average tax rates on the 1980's.



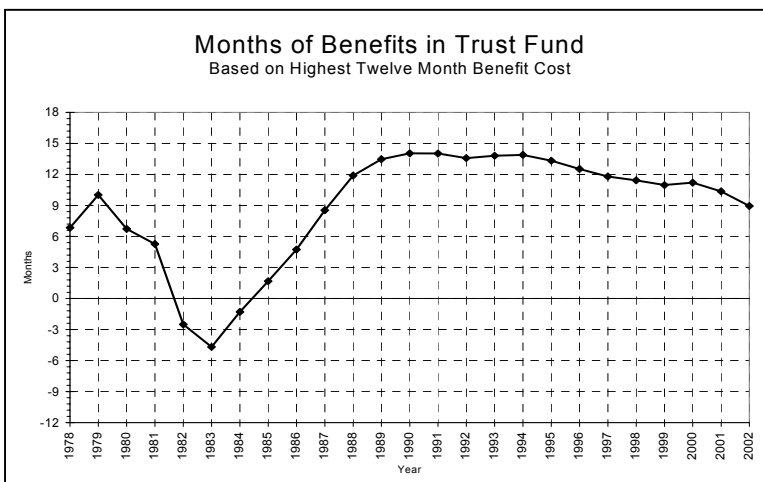
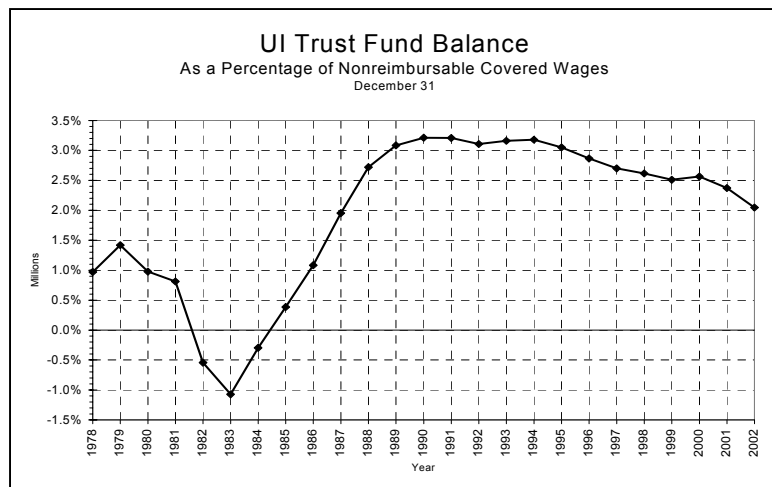
UI benefits have exceeded contributions during eleven of the last twelve years. During 2001 and 2002 benefits exceeded contributions by a two-year total of \$243 million.

UI Trust Fund History at a Glance



The year-end UI Trust Fund balance fell to \$706 million in 2001 and \$665 million in 2002. The 2002 decrease of \$95 million is the largest in 20 years.

UI Trust Fund as a percent of covered wages was above 3.0% from 1989 through 1995. It has fallen to 2.05% in 2002. Even when the fund was growing, covered wages grew faster.



If a recession similar to 1982-1983 were to hit, the fund would be large enough to pay benefits for about nine months. A recession of this magnitude would push UI benefits to \$893 million.

A. Unemployment Insurance Benefits

UI benefits grew by 45% from \$215 million in 2000 to \$313 million in 2001. Benefits grew by an additional 16% to \$363 million in 2002. These benefit increases are the result of a second year of slow national economic growth.

UI Benefits: Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

Maximum Weekly Benefit Amount:

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. Maximum weekly benefit amounts are listed below:

Number of Dependents	Average Weekly Wage 2001	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2002
0	\$551.29	53%	\$292
1	\$551.29	55%	\$303
2	\$551.29	57%	\$314
3	\$551.29	60%	\$330
4	\$551.29	65%	\$358

Average Weekly Benefit (AWB):

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. Normally, about half of UI claimants draw the maximum weekly benefit amount. A claimant would need high quarter earnings of about \$6,700 to qualify for the maximum weekly benefit.

The AWB grew by 2.2% from \$239.42 in 2001 to \$244.76 in 2002.

Duration of UI Benefits: The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The average duration of UI benefits increased from 11.6 weeks in 2001 to 13.4 weeks of benefits in 2002. Average duration increases as jobs become harder to find.

First Payments: The National Bureau of Economic Research's Business Cycle Dating Committee determined that the expansion that began in March 1991 ended in March 2001 and a recession began.

The national economic slowdown has had an effect on the number of UI claimants who received their first payment of a new benefit year. First payments rose by 35% from 84,455 in 2000 to 113,983 in 2001. This first payment figure was the highest since 1983. First payments fell slightly to 111,411 in 2002.

Weeks Compensated: The number of weeks of benefits compensated rose by 13% from 1,324,644 in 2001 to 1,498,185 in 2002. Weeks compensated grew even though first payments leveled off due to the increase in average duration.

Weeks compensated moved from the lowest figure in 20 years in 1998 (783,500) to the highest in 20 years in 2002 (1,498,185).

UI Benefit Summary: UI benefits exceeded \$300 million for the second consecutive year. The primary reason for higher benefits is an increase in weeks compensated.

B. UI Trust Fund Revenue

The UI trust fund revenue is composed of two major components:

- employer contributions (taxes), and
- interest paid on the trust fund balance

Average Tax Rate: The average employer tax rate was over 3.0% during 1984 through 1986 as the trust fund was rebuilding from the recession of the early 1980's. The average tax rate fell to around 1.5% when tax table 6 was in effect during 1990 through 1993.

The trust fund balance was large enough to trigger tax table 8 for 1995 through 1999. The average tax rate was slightly below 1.0% during these five years. Tax table 7 was triggered for 2000, 2001 and 2002. The average tax rate was about 1.2% for 2000 through 2002.

The Iowa Code has eight tax tables. Tax table 1 has the highest tax rates and tax table 8 has the lowest. Tax tables are triggered based on the relative trust fund strength. The average tax rate for experienced rated employers ranges from 3.5% in table 1 to around 1.0% in table 8.

Individual Employer Tax Rates: The average tax rate for 2002 was 1.2%, but tax rates for individual employers ranged from 0.0% to 7.5% under tax table 7. Some facts about experienced rated employers during 2002 follow:

- 59% received a zero rate
- 13% paid between 0.1% and 0.5%
- 8% paid the maximum (7.5%)

Taxable Wages: During 2002 employers in Iowa paid UI contributions on the first \$18,600 of an

employee's wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

Taxable wages represents the total of all wages on which employers paid UI taxes. Taxable wages do not include earnings above the taxable wage base or wages reported by reimbursable employers.

Taxable wages grew by only 1.4% from \$17.2 billion in 2001 to an estimated \$17.5 billion in 2002. The national economic slowdown caused taxable wage growth to slow in 2001 and 2002.

Contributions: Total contributions grew by 5.5% from \$210 million in 2001 to \$222 million in 2002.

Interest: The federal government pays interest to the trust fund based on the UI trust fund balance. The fund received \$49 million in interest during 2002. The 2002 average interest rate was about 6.2%. The fund has received interest payments of around \$50 million per year for the last seven years. Interest received on the fund has been an important source of revenue.

Revenue Summary: UI trust fund revenue grew by only 3.2% from \$262 million in 2001 to \$270 million in 2002. Interest received accounted for about 18% of fund revenue during 2002.

C. UI Trust Fund Balance

The year-end UI trust fund balance fell by \$95 million from \$760 million in 2001 to \$665 million in 2002. This section will discuss the trust fund balance in absolute dollars and examine the fund as a function of covered wages.

Trust Fund Balance: The lowest year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this 1983 low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average tax rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered lower average tax rates.

During 2001, trust fund expenditures rose by 45%, while fund revenue increased by only 2%. This caused the year-end UI trust fund balance to fall to \$760 million in 2001.

During 2002, trust fund expenditures rose by an additional 16%, while fund revenue increased by only 3%. This caused the year-end trust fund balance to fall to \$665 million in 2002.

Benefits paid by the trust fund have exceeded employer contributions received during eleven of the last twelve years. The interest received on the fund has often made up the deficit in the past.

During the past two years benefits have exceeded contributions by a total of \$243 million. This difference far exceeded interest received and the fund balance fell sharply.

Effect of Wage Growth: Examining the trust fund balance in terms of

absolute dollar amounts can be misleading. The fund balance must grow as covered wage and covered employment grow in order to keep pace with potential liabilities.

Trust Fund Balance as a Percent of Wages: The UI trust fund is expressed as a percentage of covered wages in order to control for employment and wage growth.

This percentage grew from a deficit during the early 1980's to 3.21% in 1990. This percentage remained relatively unchanged through 1994.

The percentage has decreased from 3.18% in 1994 to 2.05% in 2002. The trust fund, expressed as a percentage of covered wages, has declined in seven of the last eight years.

UI Trust Fund Balance Summary: The 2000 year-end fund balance was the highest in the history of the fund. The number of unemployed receiving benefits increased sharply during 2001. In 2002 the trust fund balance fell by \$145 million over the past two years.

The 2002 trust fund balance was the lowest year-end balance since 1993. Using CPI adjusted dollars the fund was the lowest since 1988. When expressed as percentage of covered wages the fund balance was the lowest since 1987.

D. UI Trust Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

Months of Benefits in Trust Fund:

A popular measure of fund adequacy is the number of months of benefits in the trust fund. This can be measured in several different ways.

Months of Current Benefits: This calculates the number of months of benefits that could be paid at the current benefit level. Benefits could be paid for 22 months if they remain at the 2002 level.

Months of Benefits at High Cost:

The 2002 trust fund balance would be sufficient to pay benefits for nine months at the historic highest benefit level. Iowa compares favorable to the national average of six months. Fund strength is weaker than the early 1990's when the fund balance was sufficient to pay about 14 months of benefits.

Federal Solvency Standards:

The federal government recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2002 year-end figure was slightly below the federal standard at 11 months.

Recession Level Benefits:

Iowa's highest benefit cost level is based on the twelve-month period ending April 1983. Benefits totaled \$317.5 million and wages totaled \$11.6 billion. Benefits for the twelve-month period equaled 2.7% of wages. If an

economic downturn had pushed 2002 benefits to this 1983 recession level, benefits would have reached \$893 million.

Rate Table Calculations:

The Iowa UI tax system is designed to automatically adjust tax rates based on trust fund strength. This system is not only designed to maintain fund solvency, but also to minimize rate fluctuations.

If the fund strength starts to decline, the system will trigger a tax table with higher tax rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic tax increase in any single year if a recession should strike.

The system triggered a rate increase to tax table 6 for tax year 2003. This will help slow the trust fund balance decline. This increase is not sufficient to rebuild the trust fund balance unless UI benefits decline rapidly.

Fund Solvency Summary:

Iowa's UI trust fund remains adequately strong to withstand current level benefits levels and continue to pay benefits without borrowing. If benefits continue to increase, tax tables with higher tax rates may trigger in order to insure solvency.

E. UI Trust Fund Projections

Three sets of trust fund projections have been developed. The projections are based on three different economic scenarios of insured unemployment, wage growth, employment growth, and interest rates for the 2003-2006 period.

What is Insured Unemployment?:

The insured unemployment rate (IUR) is similar to the more publicized total unemployment rate (TUR). The TUR includes all persons meeting the definition of unemployed. The IUR only includes persons receiving UI benefits. Some of the unemployed that may not be receiving UI benefits are:

- Persons disqualified for misconduct
- Persons disqualified for voluntarily quitting without cause
- Persons who recently entered the labor force and do not have enough wages to meet minimum requirements
- Persons who have exhausted their UI benefits
- Persons who are not covered by UI

IUR History: The IUR fell to 1.2% in 1998, a 20-year low and rose slightly in 1999 and 2000. The national economic slowdown pushed the IUR to 2.0% in 2001 and 2.2% in 2002, the highest IUR since 1986.

IUR Assumptions: Optimistic IUR assumption shows an improvement to 1.7% in 2003. The middle IUR assumption shows a slight drop to 2.0% in 2003. The pessimistic IUR assumption is based on continuing IUR growth to 2.3% in 2003.

Assumptions for 2004 through 2006 are based on selected historical periods. The optimistic assumption is based on the 1997-2000 IUR level, the lowest in over 20 years (1.3%). The middle assumption is based on

the IUR returning to the 1990-1994 average level (1.8%). Under the pessimistic assumption, the IUR will grow to the average level for 1984 through 1989 (2.3%). All three assumed IUR's are well below the 1982 recession IUR of 4.5%.

The optimistic IUR assumptions call for a recovery similar to the 1991-1992 recession followed by a period of low unemployment.

The middle IUR assumptions reflect some recovery activity for 2003 followed by continued improvement in 2004 and a leveling off of unemployment through 2006.

The pessimistic assumptions call for a slight increase in the IUR to 2.3% in 2003. The IUR will then level off at this level through 2006.

Trust Fund Projections Summary:

An economic downturn occurred in 2001 and 2002. Current projections are based on the assumption that the economy will not drastically deteriorate further in 2003. The optimistic and middle projections call for some economic recovery activity in 2003.

The trust fund is projected to remain solvent under all three sets of economic assumptions. Tax tables with higher rates may trigger to help rebuild the fund and ensure future solvency should a more severe recession occur.

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Table A-1
Unemployment Insurance Benefit Data

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	80,850	-----	13.5	-----	1,087,979	-----	100.91	-----	107.0	-----
1979	81,362	0.6%	12.7	-5.9%	1,031,686	-5.2%	107.73	6.8%	105.7	-1.2%
1980	141,617	74.1%	11.9	-6.3%	1,679,090	62.8%	113.97	5.8%	197.9	87.2%
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	171.6	-13.3%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	312.3	82.0%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	251.8	-19.4%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	153.5	-39.0%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	177.5	15.6%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	165.1	-7.0%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	126.4	-23.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	114.2	-9.7%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	123.3	8.0%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	141.4	14.7%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	184.1	30.2%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	189.0	2.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	174.2	-7.8%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	149.9	-13.9%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	159.0	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	183.8	15.6%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	179.6	-2.3%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	158.0	-12.0%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	187.5	18.7%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	215.4	14.9%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	312.6	45.1%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	362.6	16.0%
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Table A-2
Unemployment Insurance Revenue Data

Year	Average Tax Rate		Taxable Wages (\$ billions)		Total Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Trust Fund Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	2.78%	-----	4.99	-----	140.8	-----	3.3	-----	144.1	-----
1979	2.84%	2.2%	5.48	9.8%	158.5	12.6%	6.8	106.1%	165.3	14.7%
1980	2.51%	-11.6%	5.63	2.7%	144.5	-8.8%	11.8	73.5%	156.3	-5.4%
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	-----	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	-----	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	261.8	2.1%
2002	1.20%	1.7%	17.45	1.4%	221.6	5.5%	48.7	-5.8%	270.3	3.2%
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Table A-3
UI Trust Fund Balance
December 31

Year	UI Trust Fund Balance					
	Fund Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%
1978	92.8	----	137.1	----	0.97%	----
1979	151.8	63.6%	197.9	44.4%	1.42%	46.3%
1980	110.2	-27.4%	127.7	-35.5%	0.98%	-31.2%
1981	96.5	-12.4%	102.6	-19.6%	0.81%	-16.8%
1982	-63.3	----	-64.9	----	-0.55%	----
1983	-126.3	----	-124.7	----	-1.07%	----
1984	-37.4	----	-35.5	----	-0.30%	----
1985	49.3	----	45.1	----	0.38%	----
1986	142.5	189.0%	129.0	186.0%	1.08%	181.9%
1987	276.9	94.3%	239.9	86.0%	1.95%	80.3%
1988	418.6	51.2%	347.4	44.8%	2.72%	39.4%
1989	506.7	21.0%	401.8	15.7%	3.08%	13.3%
1990	562.4	11.0%	420.3	4.6%	3.21%	4.1%
1991	582.6	3.6%	422.4	0.5%	3.21%	-0.1%
1992	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	441.6	3.7%	3.16%	1.7%
1994	696.4	8.2%	465.2	5.4%	3.18%	0.6%
1995	712.9	2.4%	464.5	-0.2%	3.05%	-4.0%
1996	706.9	-0.8%	445.7	-4.0%	2.87%	-6.1%
1997	715.1	1.2%	443.4	-0.5%	2.70%	-5.8%
1998	752.1	5.2%	458.9	3.5%	2.61%	-3.1%
1999	762.7	1.4%	453.2	-1.2%	2.51%	-4.0%
2000	809.8	6.2%	465.4	2.7%	2.56%	2.1%
2001	760.3	-6.1%	430.3	-7.6%	2.37%	-7.5%
2002	665.0	-12.5%	367.6	-14.6%	2.05%	-13.7%
01/31/2003						

Table A-4
UI Trust Fund Solvency Measures

December 31

Year	Months of Benefits in Trust Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level		#	Δ%
	#	Δ%	#	Δ%	#	Δ%		
1978	10.4	-----	6.8	-----	8.4	-----	162.7	-----
1979	17.2	65.5%	10.0	46.3%	12.2	46.3%	181.9	11.8%
1980	6.7	-61.2%	6.7	-32.8%	8.4	-31.2%	196.5	8.0%
1981	6.7	1.0%	5.3	-21.7%	7.0	-16.8%	219.6	11.8%
1982	-2.4	-----	-2.5	-----	-3.4	-----	302.5	37.7%
1983	-6.0	-----	-4.7	-----	-6.0	-----	323.6	7.0%
1984	-2.9	-----	-1.3	-----	-1.6	-----	346.3	7.0%
1985	3.3	-----	1.7	-----	2.1	-----	352.5	1.8%
1986	10.4	211.0%	4.7	181.9%	6.0	181.9%	361.6	2.6%
1987	26.3	153.8%	8.5	80.3%	10.8	80.3%	389.5	7.7%
1988	44.0	67.2%	11.9	39.4%	15.1	39.4%	422.6	8.5%
1989	49.3	12.1%	13.5	13.3%	17.1	13.3%	451.3	6.8%
1990	47.7	-3.2%	14.0	4.1%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.5%	14.0	-0.1%	17.8	-0.1%	498.8	3.7%
1992	38.4	1.0%	13.6	-3.1%	17.2	-3.1%	533.9	7.0%
1993	44.4	15.6%	13.8	1.7%	17.5	1.7%	559.5	4.8%
1994	55.7	25.7%	13.9	0.6%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.5%	13.3	-4.0%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.2%	12.5	-6.1%	15.9	-6.1%	677.5	5.6%
1997	47.8	3.5%	11.8	-5.8%	15.0	-5.8%	727.7	7.4%
1998	57.1	19.6%	11.4	-3.1%	14.5	-3.1%	789.8	8.5%
1999	48.8	-14.6%	11.0	-4.0%	13.9	-4.0%	834.3	5.6%
2000	45.1	-7.5%	11.2	2.1%	14.2	2.1%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.5%	13.2	-7.5%	880.6	1.5%
2002	22.0	-24.6%	8.9	-13.7%	11.4	-13.7%	892.8	1.4%
01/31/2003								

Table A-5
UI Trust Fund Balance Projection Summary
(\$ Millions)

Year	Benefits Total	Tax Table	Contri- butions Total	Interest on Fund	Total Income	Balance Change	Trust Fund Balance
Under Optimistic Economic Assumptions							
2000	215.4	7	205.4	51.1	256.4	47.1	809.8
2001	312.6	7	210.1	51.7	261.8	-49.5	760.3
2002	362.6	7	221.6	48.7	270.3	-95.3	665.0
2003	293.7	6	304.6	49.3	353.9	60.2	725.2
2004	240.6	5	393.9	59.2	453.1	212.5	937.7
2005	259.0	6	364.5	73.4	437.9	178.9	1,116.6
2006	278.0	7	318.4	84.3	402.7	303.7	1,241.4
Under Middle Economic Assumptions							
2000	215.4	7	205.4	51.1	256.4	47.1	809.8
2001	312.6	7	210.1	51.7	261.8	-49.5	760.3
2002	362.6	7	221.6	48.7	270.3	-95.3	665.0
2003	338.4	6	281.1	39.5	320.6	-19.2	645.8
2004	318.6	5	358.3	38.5	396.8	79.1	724.9
2005	336.4	5	385.4	43.3	428.7	92.4	817.3
2006	354.0	5	406.8	48.9	455.7	194.5	919.4
Under Pessimistic Economic Assumptions							
2000	215.4	7	205.4	51.1	256.4	47.1	809.8
2001	312.6	7	210.1	51.7	261.8	-49.5	760.3
2002	362.6	7	221.6	48.7	270.3	-95.3	665.0
2003	381.0	6	258.7	31.9	290.6	-92.5	572.5
2004	389.4	5	325.2	26.9	352.1	-36.4	536.1
2005	403.3	4	405.8	25.7	431.5	28.2	564.3
2006	416.1	4	428.5	27.3	455.8	68.1	604.2

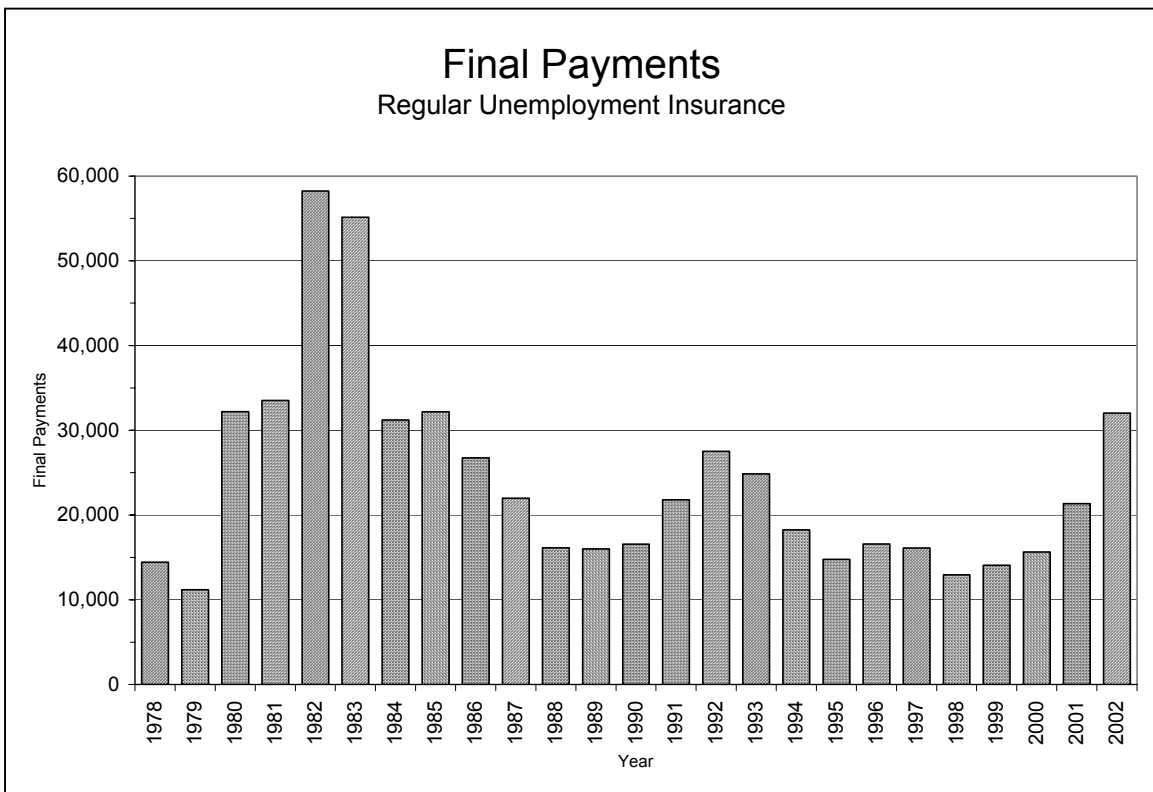
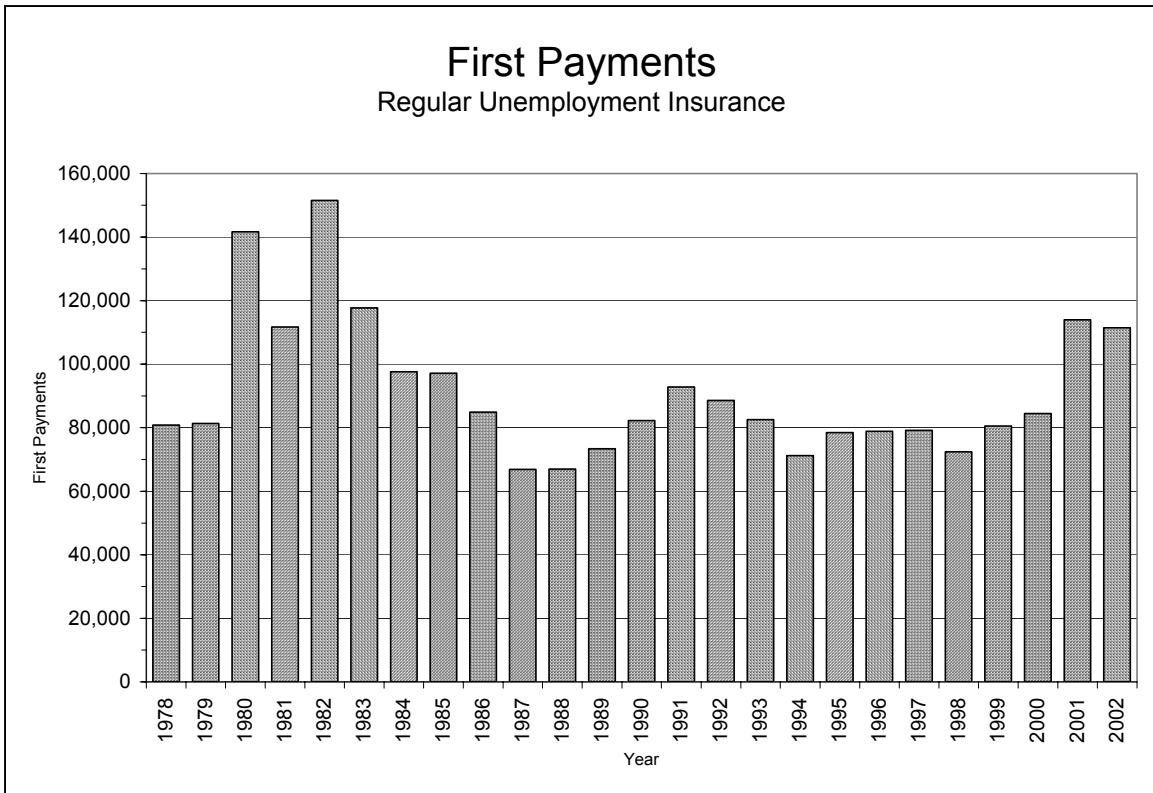
Assumptions			
Item	Optimistic	Middle	Pessimistic
Covered Employment Growth	3.00%	2.00%	1.00%
Average Weekly Wage Growth	4.50%	3.50%	2.50%
Interest Rate	7.00%	6.00%	5.00%
Insured Unemployment Rate (IUR)			
2003	1.70%	2.00%	2.30%
2004-2006	1.30%	1.80%	2.30%

Projected data used for 2003 and beyond.

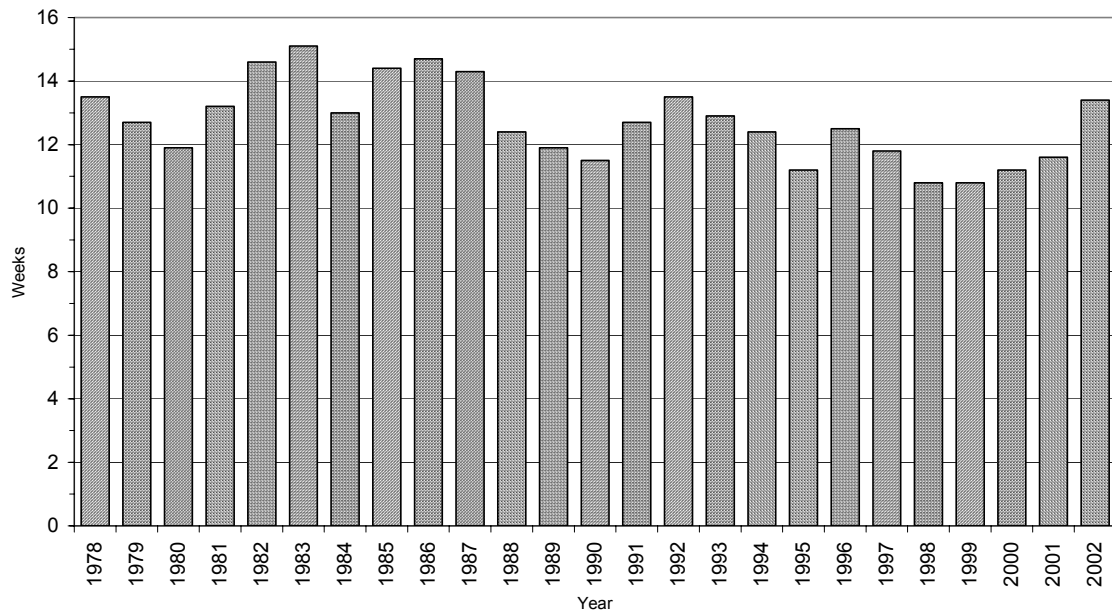
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Appendix B – Graphs

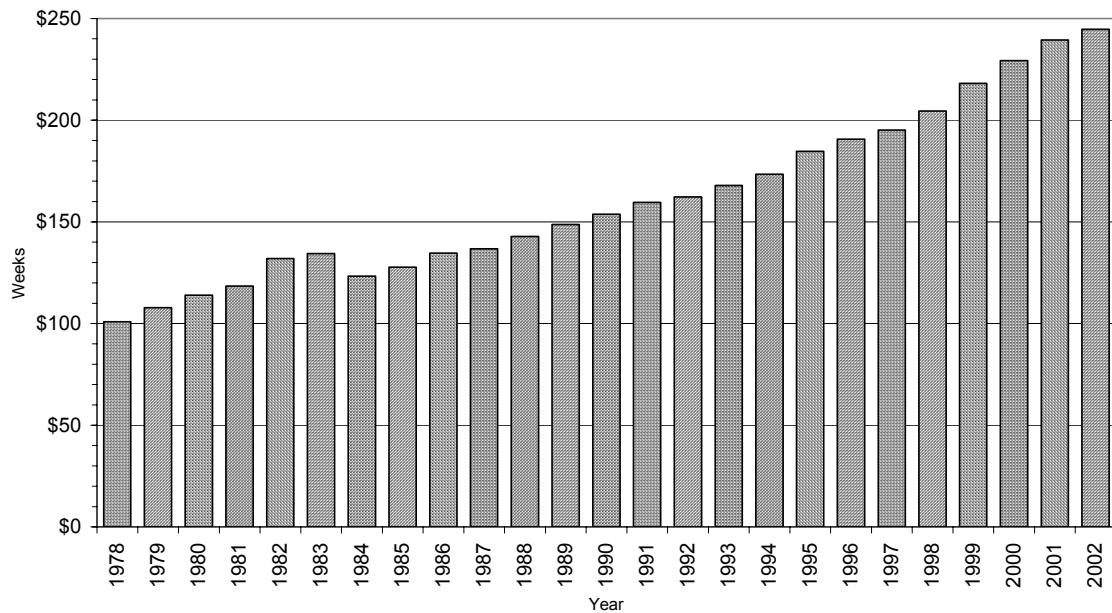
First Payments	18
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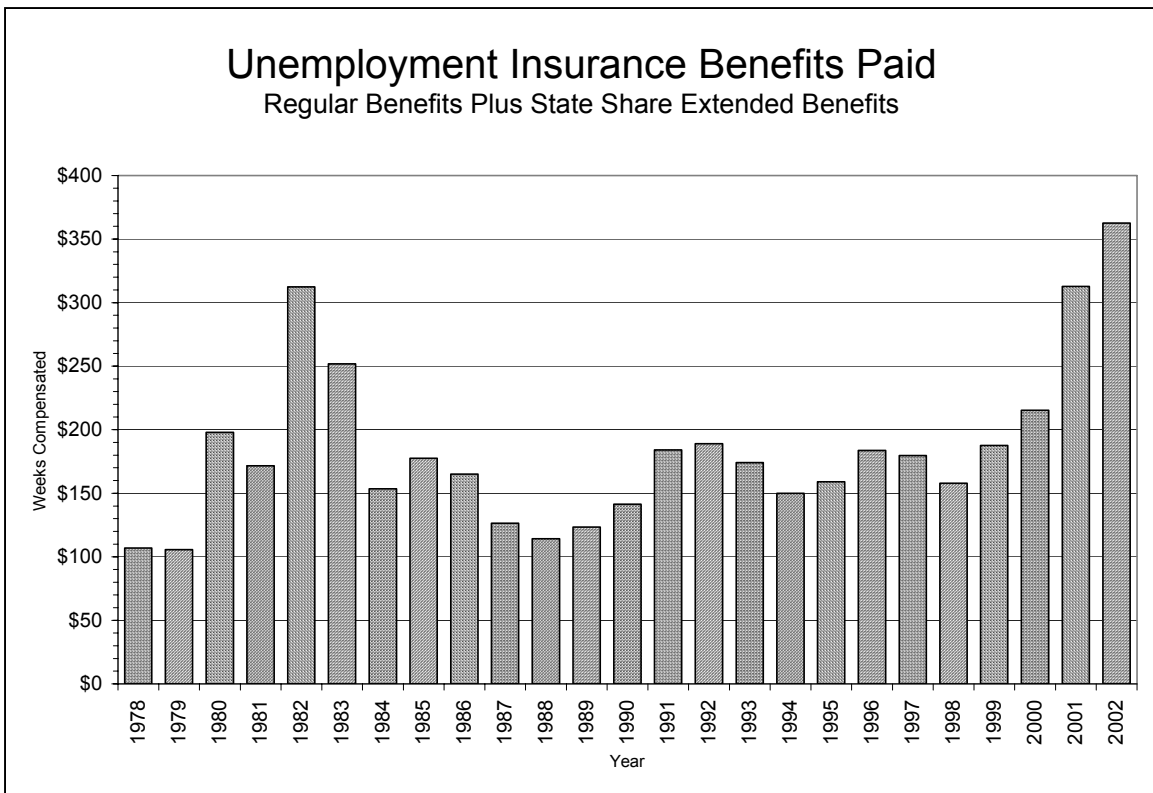
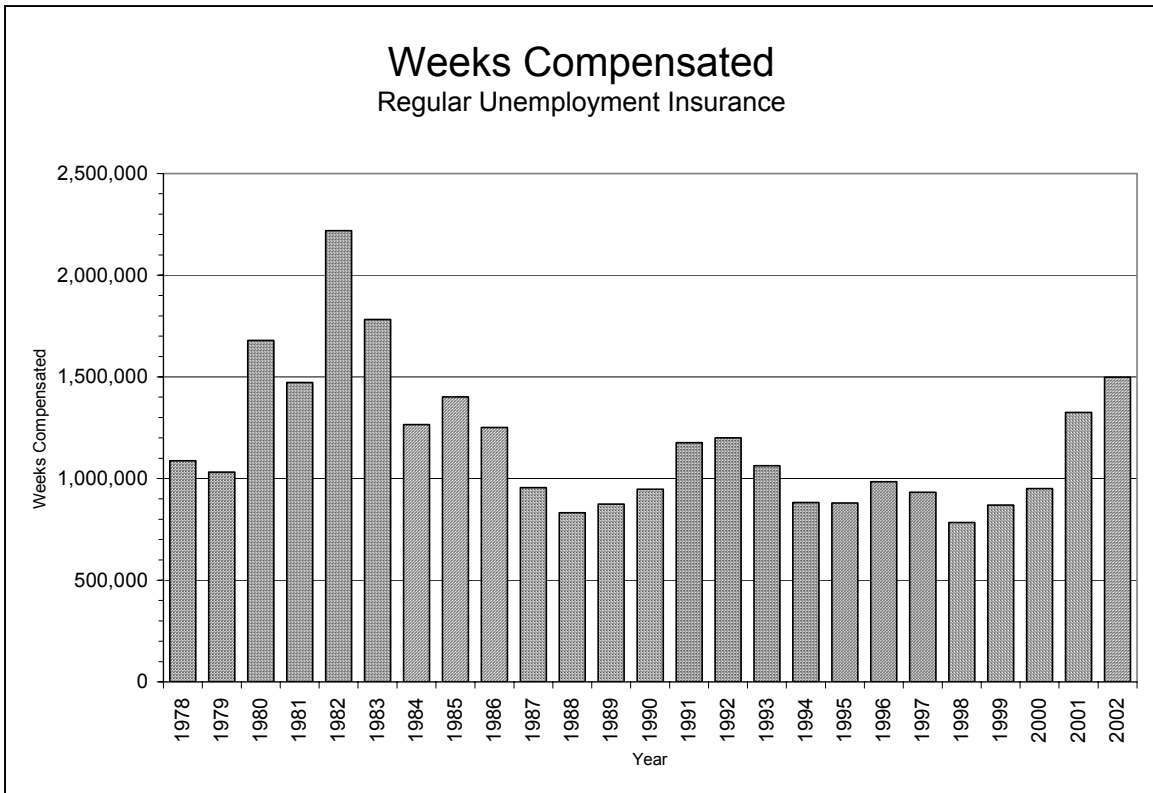


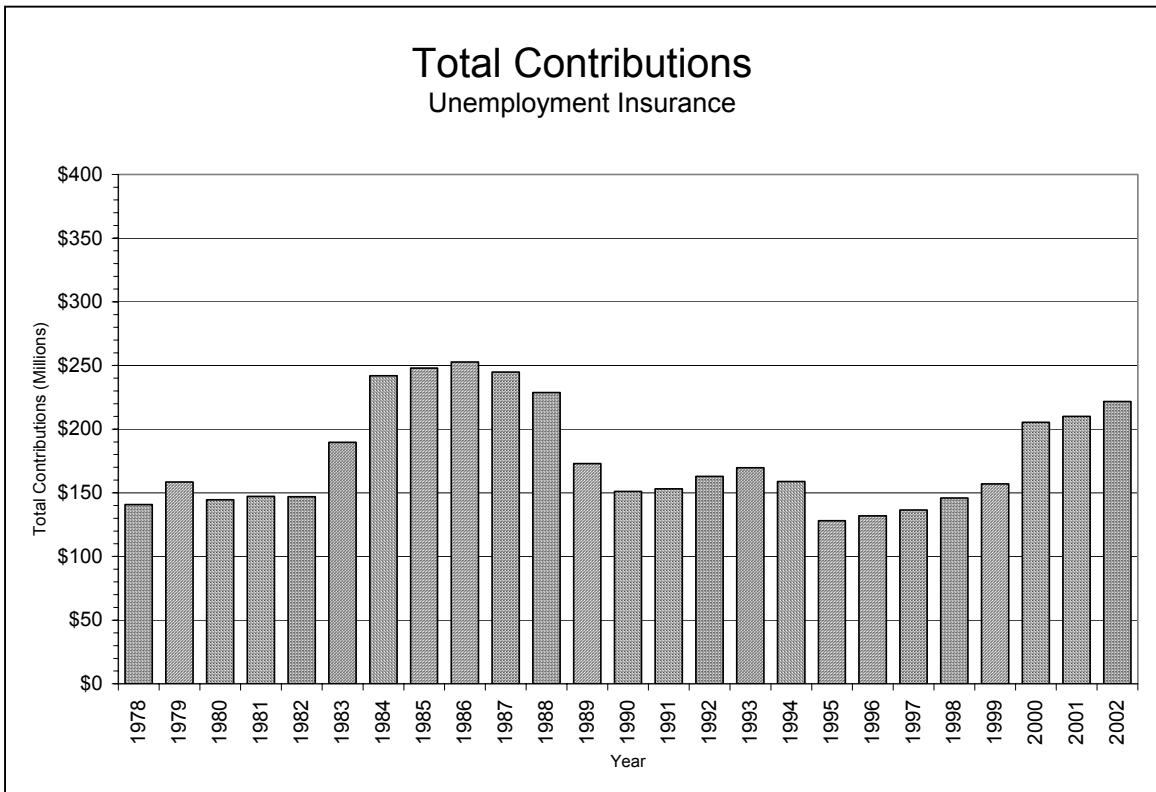
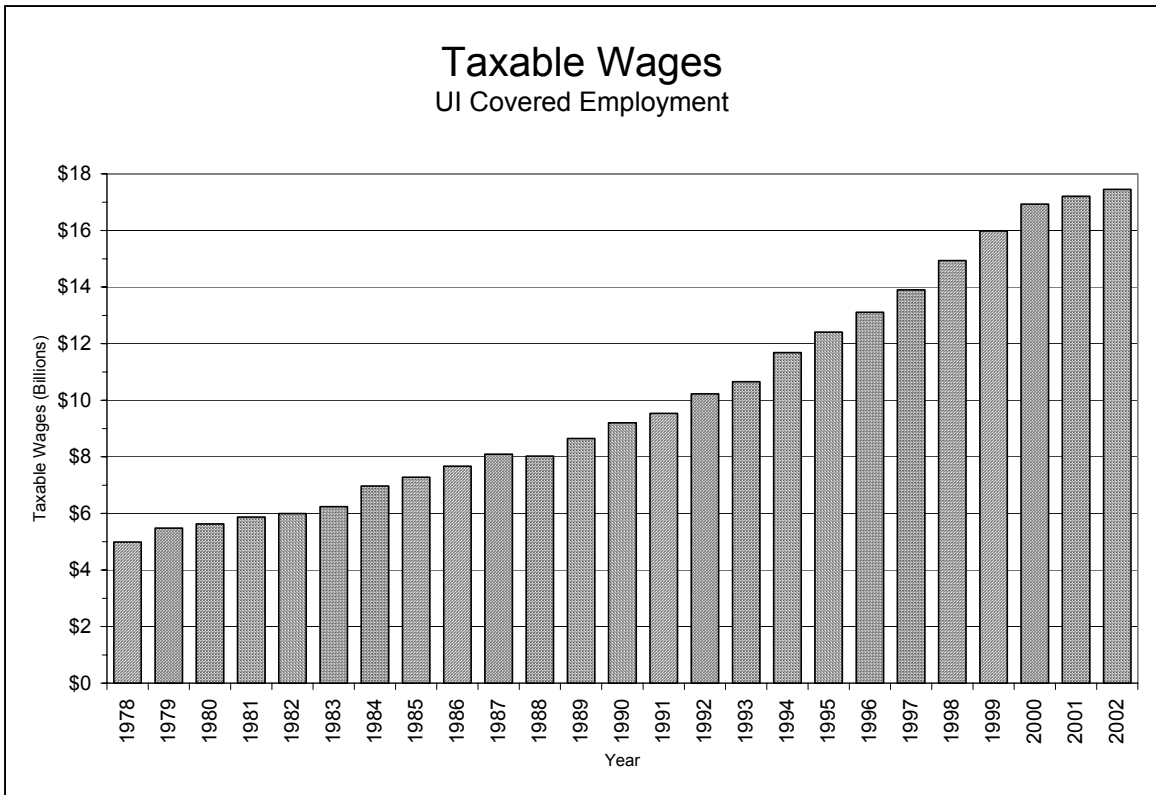
Average Weeks of Duration Regular Unemployment Insurance

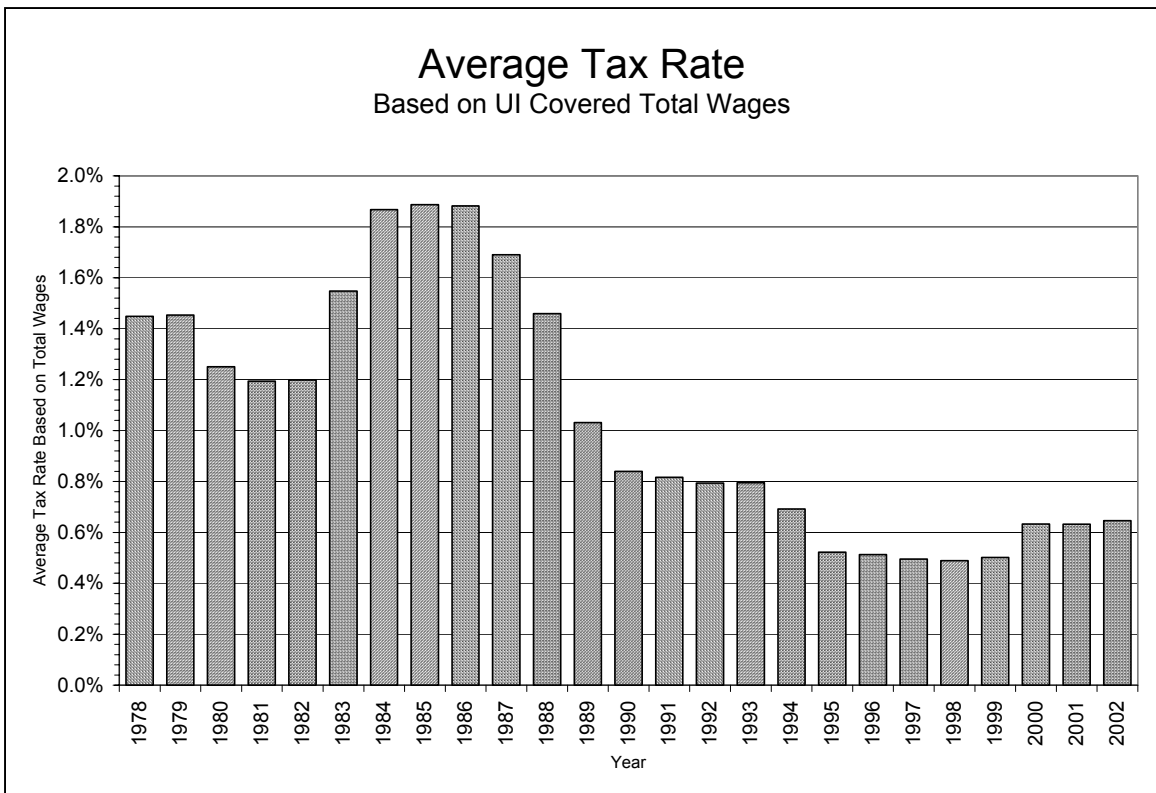
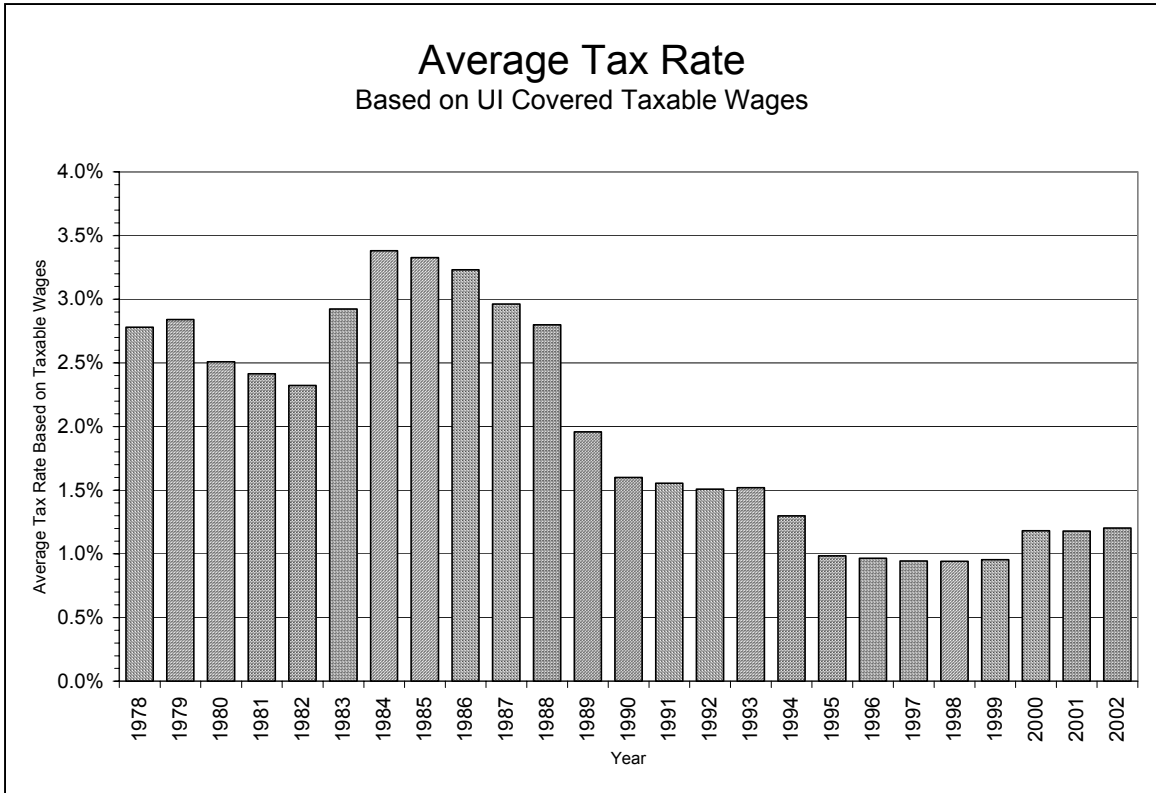


Average Weekly Benefit Regular Unemployment Insurance



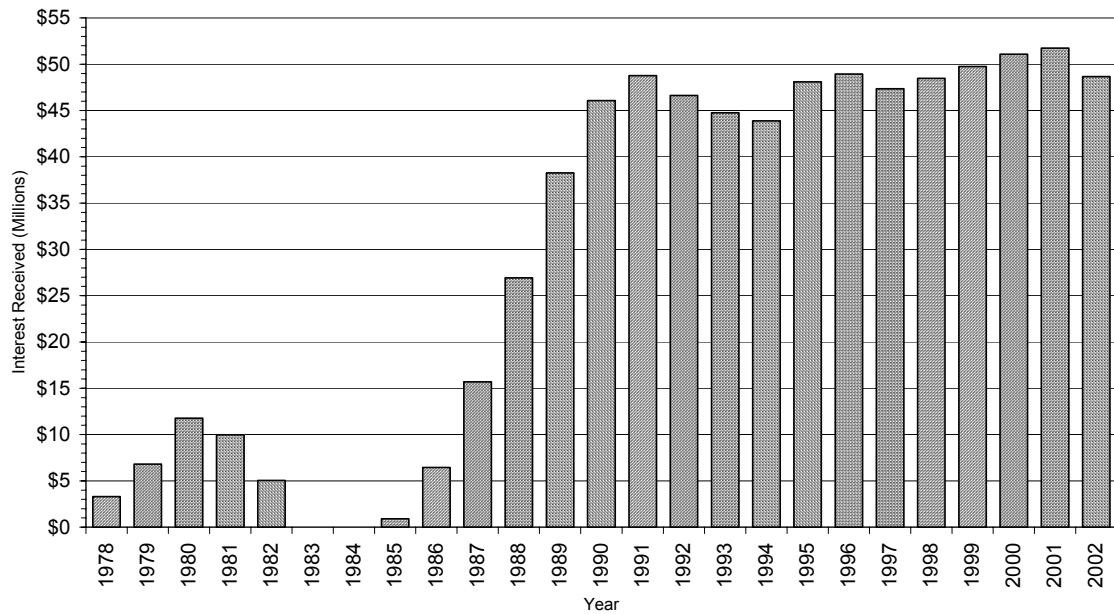






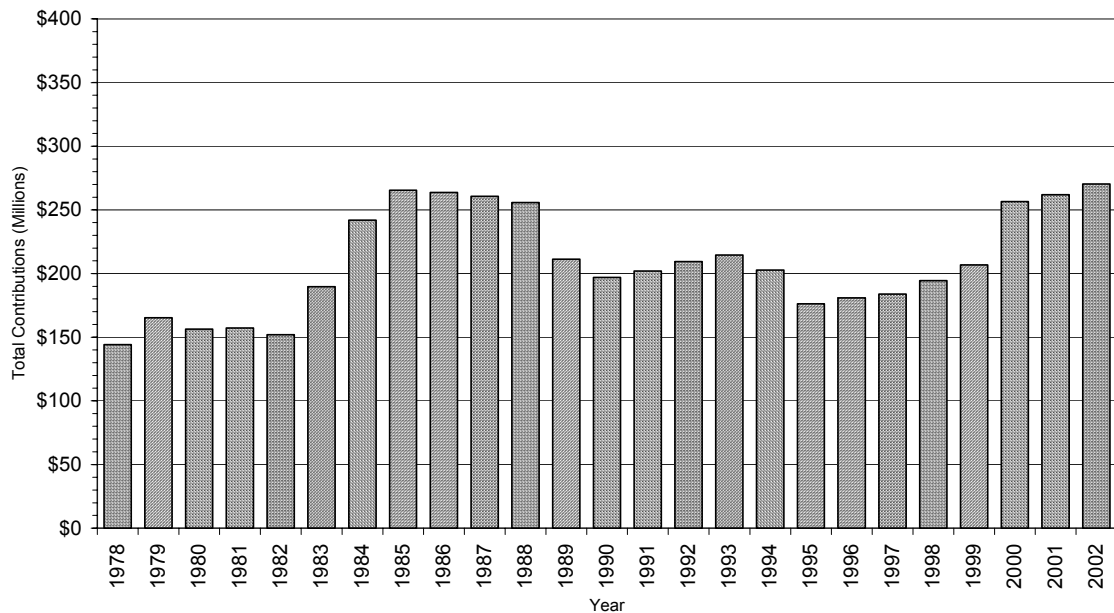
Interest Received

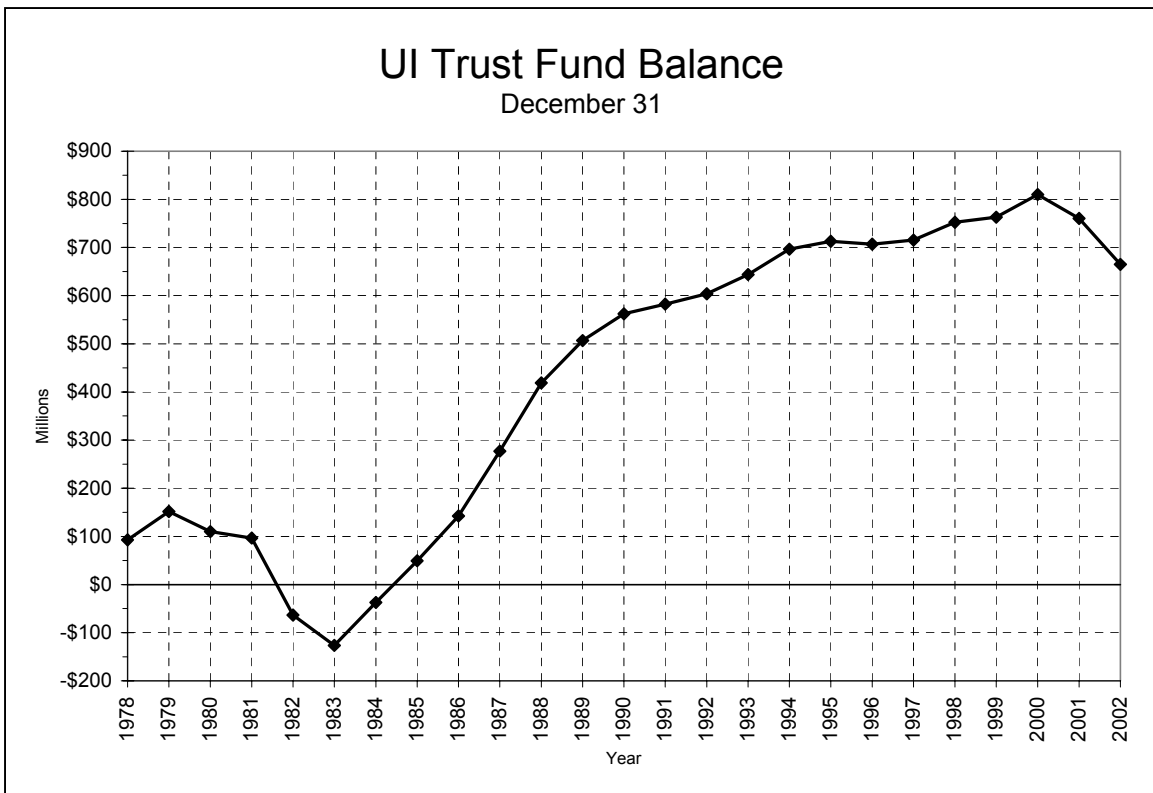
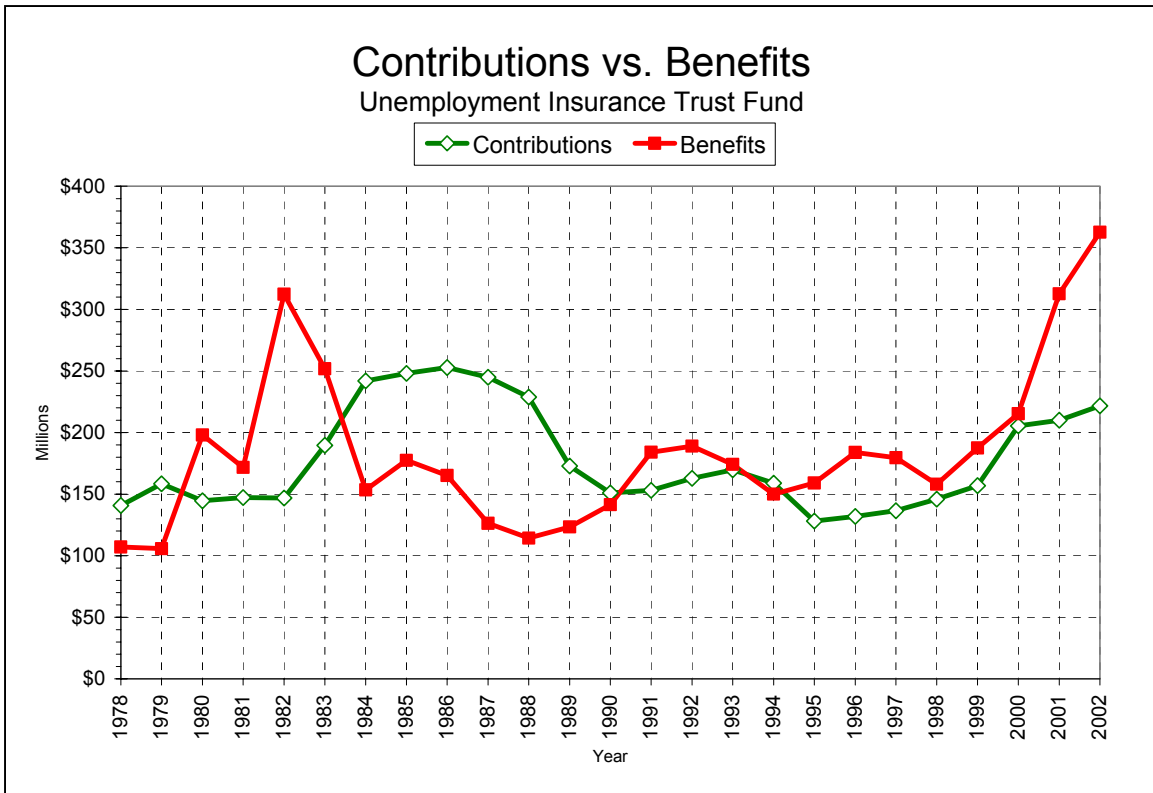
Unemployment Insurance Trust Fund

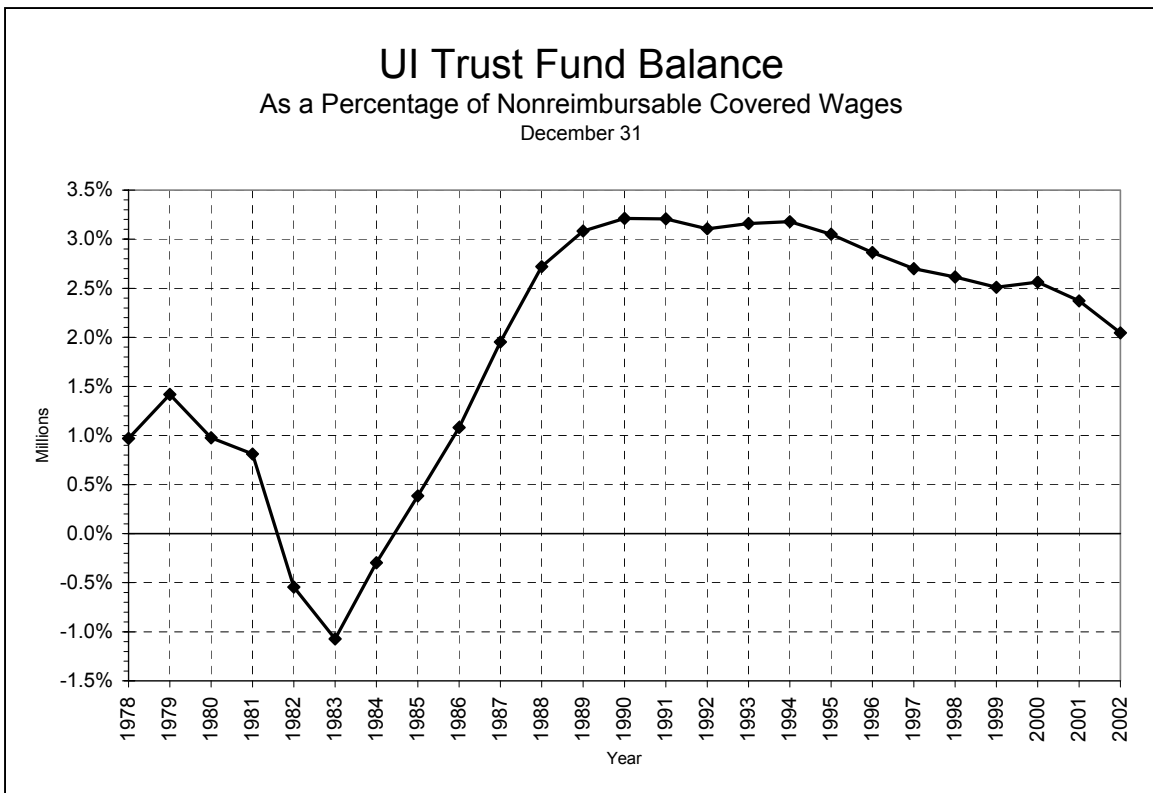
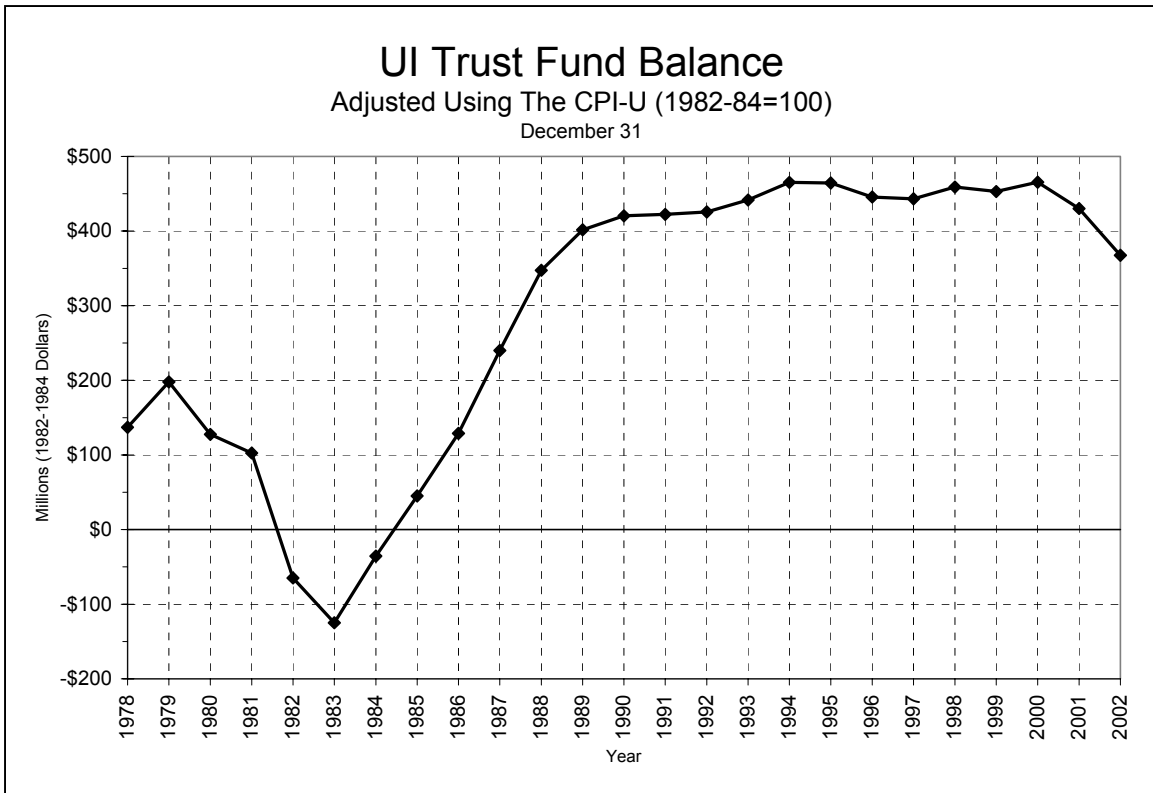


UI Trust Fund Revenue

Contributions, Interest Received and Other Income

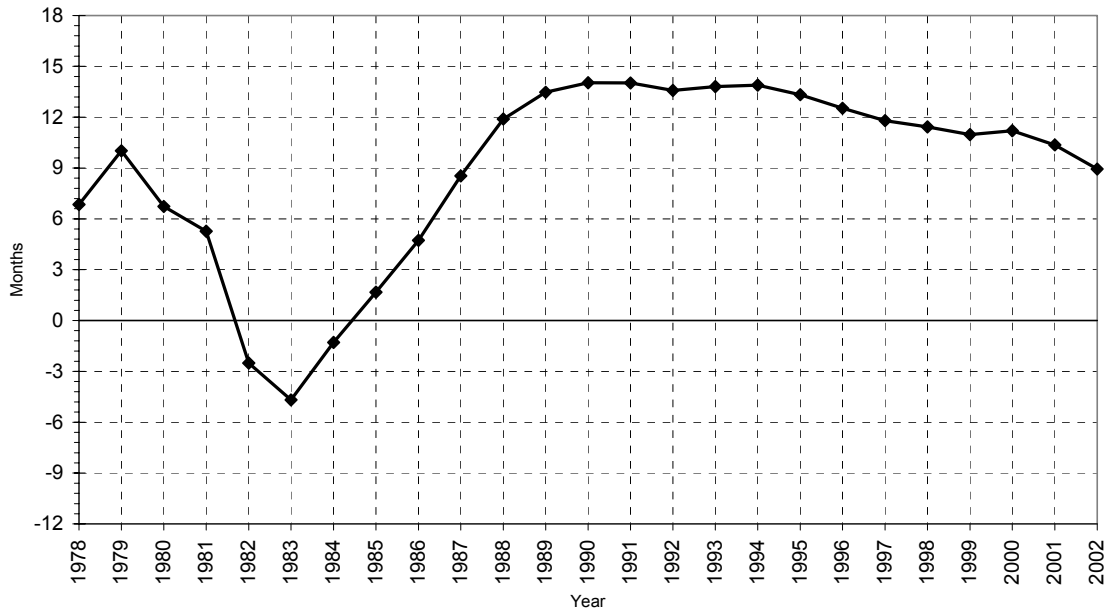






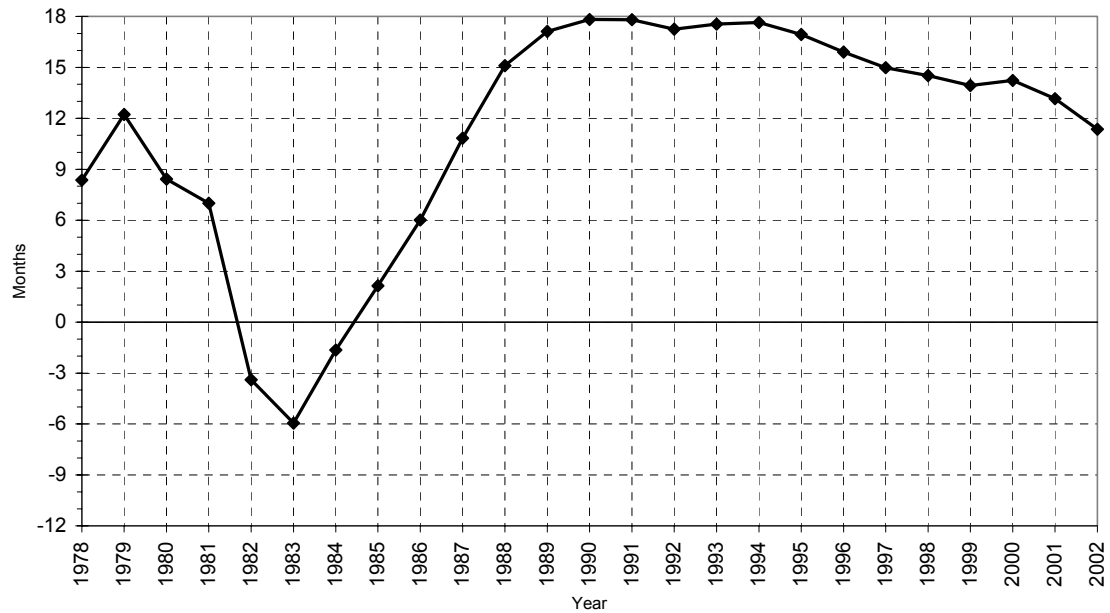
Months of Benefits in Trust Fund

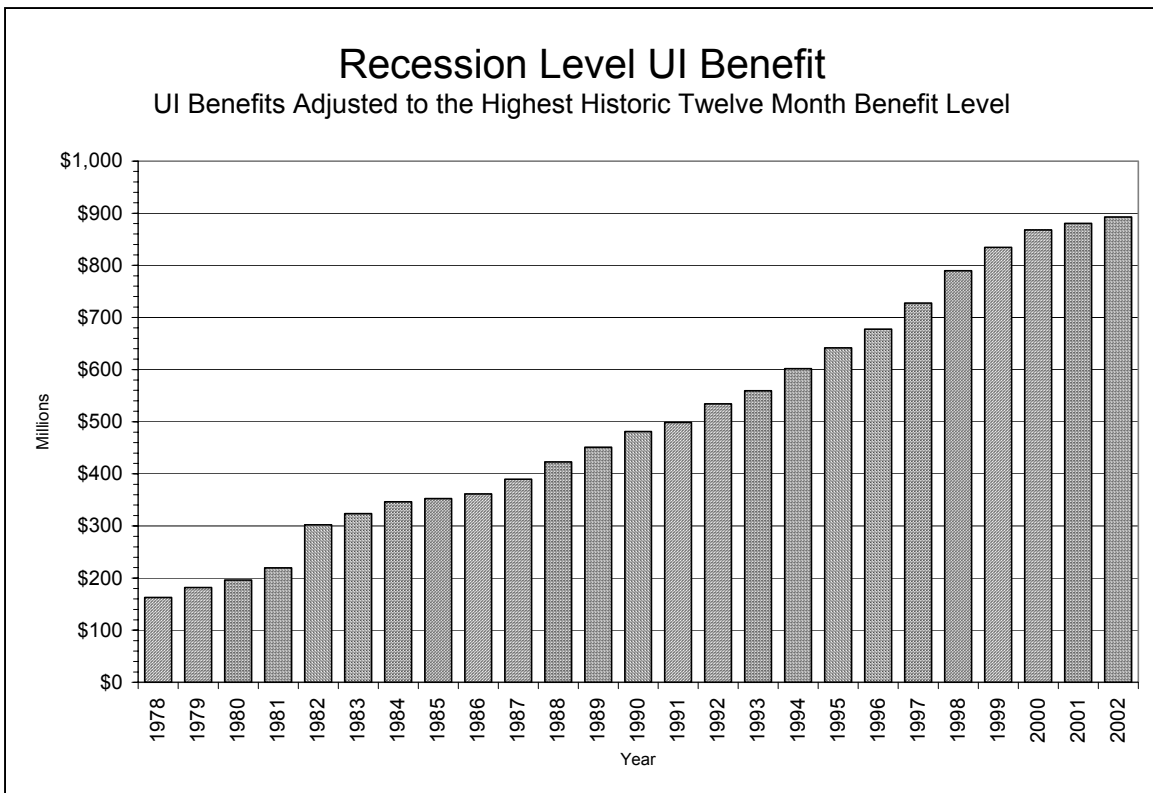
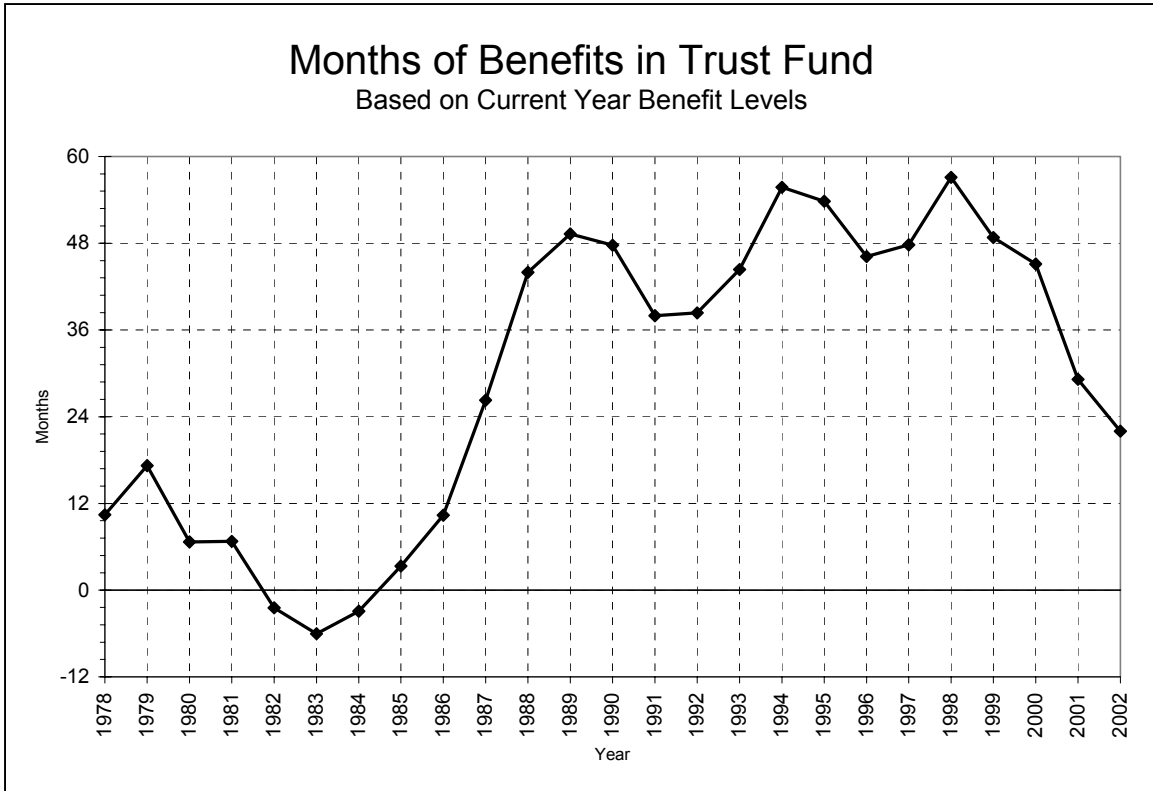
Based on Highest Twelve Month Benefit Cost



Months of Benefits in Trust Fund

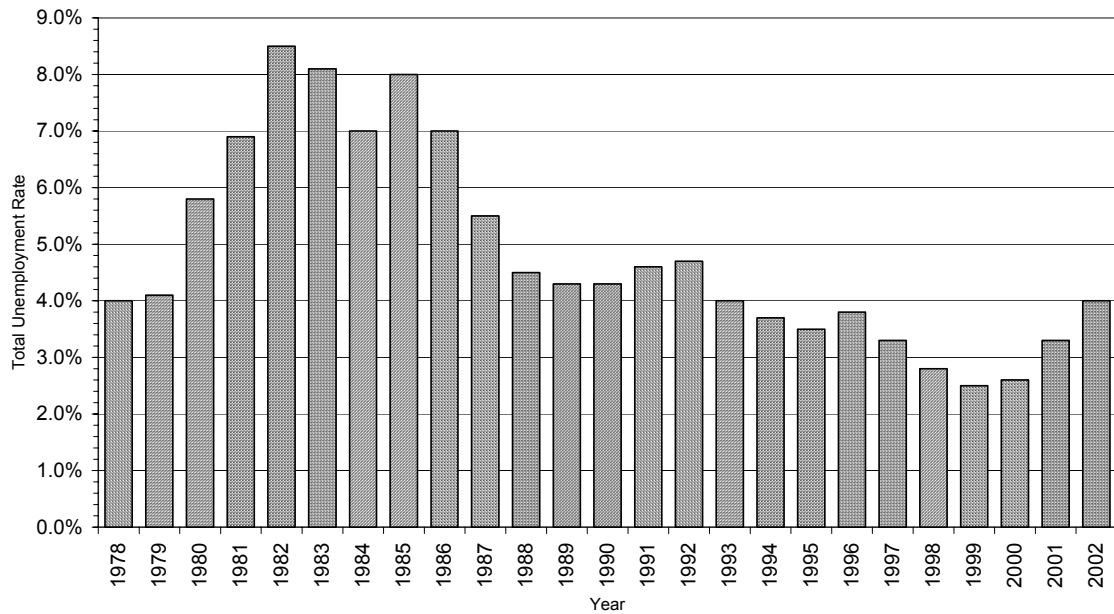
Based on Highest Three Year Average Benefit Cost





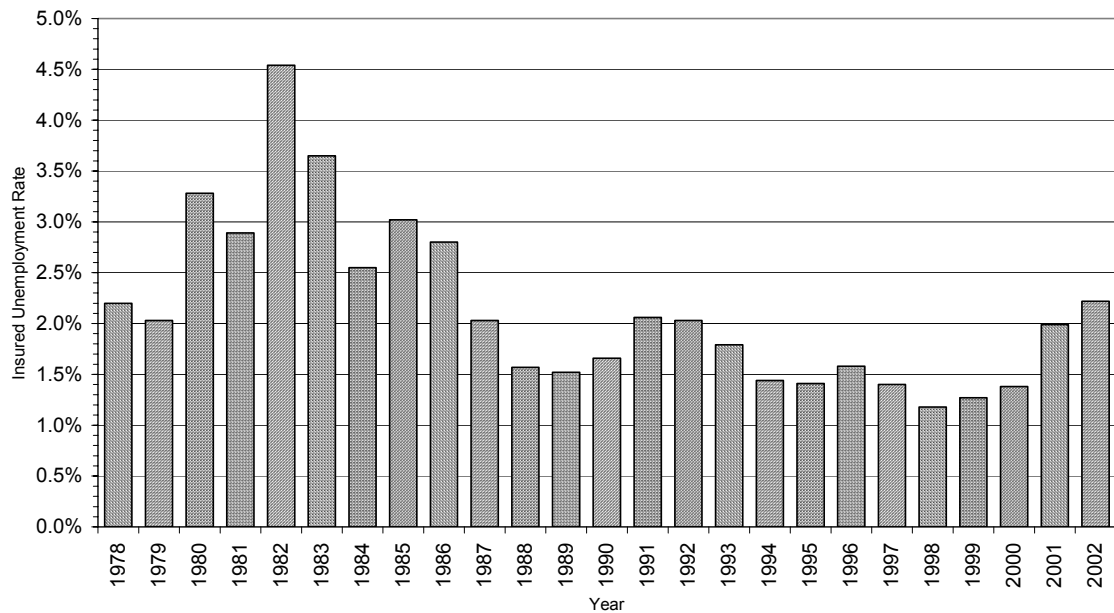
Iowa Total Unemployment Rate

Bureau of Labor Statistics



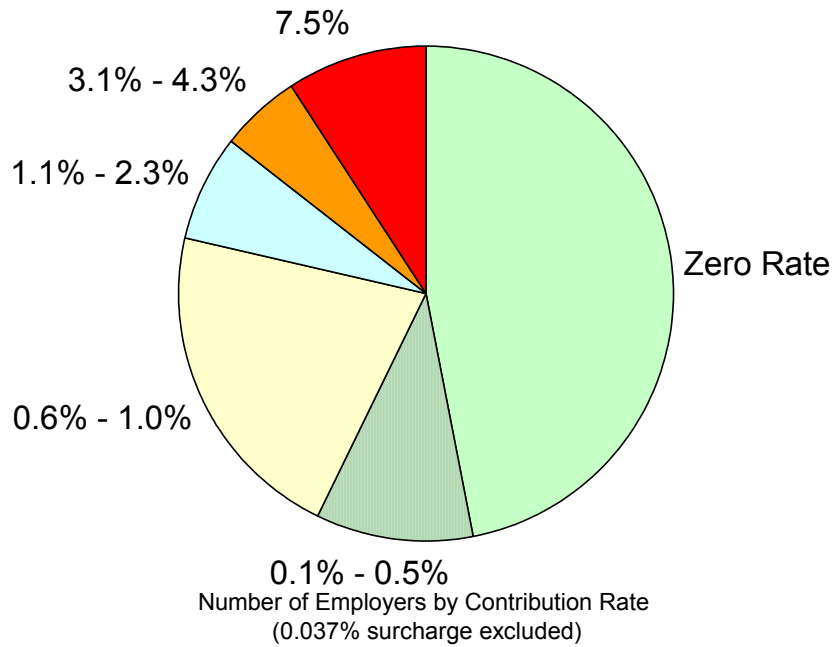
Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



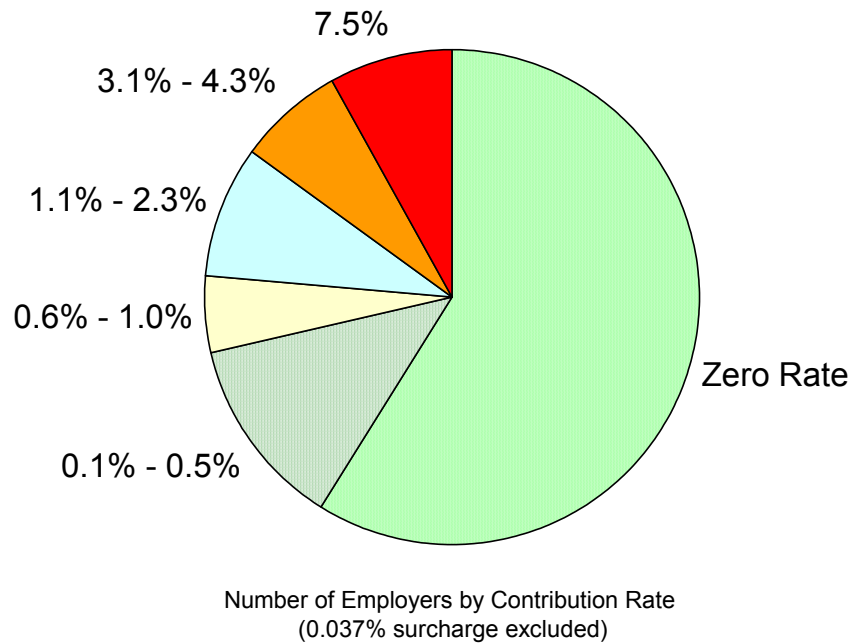
UI Contribution Rate Distribution

Total Private Contributory Employers - 2002



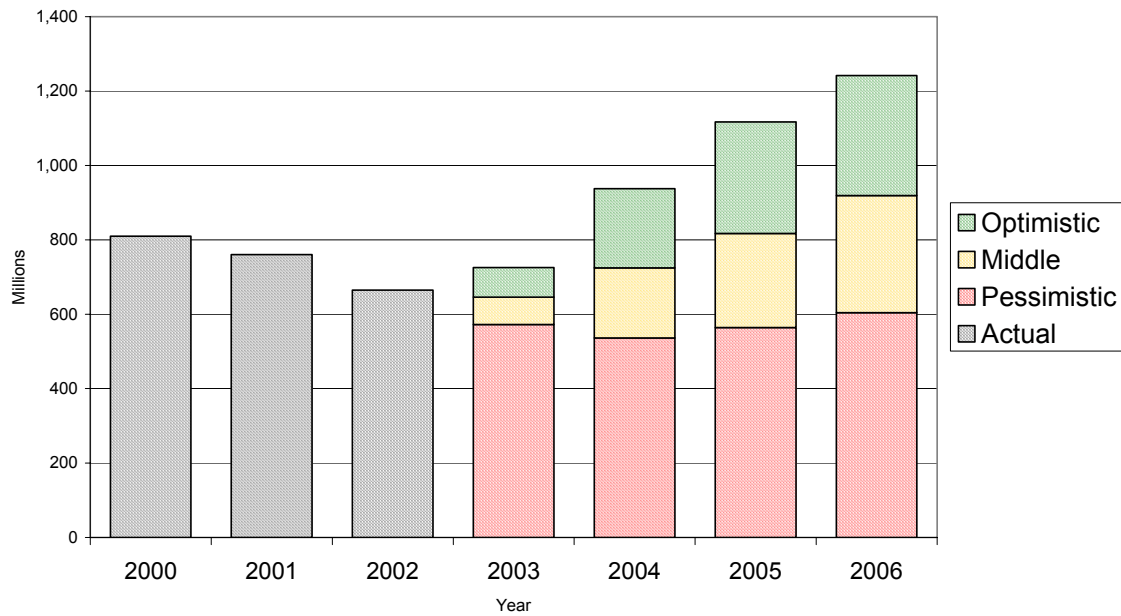
UI Contribution Rate Distribution

Total Private Experienced Rated Employers - 2002



Trust Fund Balance Projections

December 31



Appendix C – Guide for Interpretation

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

